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Canada. Dominion-Provincial  
Conference on Reconstruction, 1945/46

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DOMINION-PROVINCIAL CONFERENCE (1945)

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DOMINION AND PROVINCIAL  
SUBMISSIONS

AND

PLENARY CONFERENCE  
DISCUSSIONS

**HOUSING Proposals  
for Postwar Reconstruction**



by

**Government of Canada**

**1945**

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OTTAWA  
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PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1946

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Lt. Col. W. McKenzie	Deputy Minister of Agriculture
Rand Matheson	Chairman, Transport Commission, Maritime Board of Trade
James L. Regan	Liaison Officer

in the hands of everyone present. I am not going to argue further, but if there is no great feeling that the document should be read in detail, I again repeat that I think we should sooner get down to business if we took it as read, and then let the Steering Committee decide where we move from there.

Mr. MANNING: Just one observation, Mr. Prime Minister. It seems to me that there are two simple steps in implementing the procedure indicated in the letter of invitation from the Prime Minister and in his opening remarks this morning.

The first is that the Conference must proceed to set up a comprehensive agenda covering those matters which the Dominion Government and the Provincial Governments feel are matters necessary and vital to the discussions in which we have been invited to participate. I submit that if it is necessary for us to go through the Proposals that are being submitted by the Dominion Government in order to know part of the subject matter which the Dominion Government feels should be on the agenda, then by all means we should proceed to hear these proposals. Before any committee, a steering committee or an agenda committee, proceeds to suggest an agenda they certainly should know every item the Dominion government wishes to have placed on that agenda and every item any provincial government wishes to have placed on that agenda. If going through the written submission is vital to obtaining that information, then by all means let us proceed to do that.

As I understand it, the second step would be to set up appropriate committees to which the subject matters of the agenda, as finally agreed upon, would be referred. Obviously our first step is to know the subject matters that should go on that agenda.

Personally I have not had an opportunity to go through the Dominion submission. I am interested in going through it, not merely from the standpoint of the proposals and the arguments that may be presented in connection with those proposals, but primarily at this stage to learn the subjects which the Dominion feel should be on the agenda in order that we as the provinces may know what additional subjects we should suggest in order to give a picture as complete as we feel it should be before a subject matter is assigned to the appropriate committee.

Mr. HART: I really think that the point which has been raised is hardly of sufficient importance to warrant a long debate or to warrant the taking of a vote. I received a communication from you, sir, stating that the Dominion government would make certain proposals. I accepted the invitation to come here on the understanding that the Dominion government would make proposals to us. I think that we should be prepared now to listen to the ministers explain the proposals that they wish to place before us.

In view of the fact that sufficient notice was given to us I think it is only fair that we should do this. That was the procedure that was suggested. There was a point raised this morning by the Premier of Ontario. Perhaps he was right at that particular time, but I think at the present time it would be proper for the Provincial Premiers to ask the ministers to proceed with the presentations on a subject that they wish presented at this particular time.

Mr. MACKENZIE KING: I am not anxious to have any matter made one of division. Views have been expressed which I think have been understood by all present. Perhaps I may say that I think the view is that we should proceed in the manner that has been suggested and according to the motion made originally by the Premier of Prince Edward Island, seconded by the Premier of Manitoba. Is it your pleasure that that should be adopted?

Motion agreed to.

I have considerable sympathy with those gentlemen who think that this document is one of some length. However, there are obvious reasons why we should follow the course that has been suggested. However, before we begin to read this document there might be an understanding as to whether all of us would prefer to continue with the Conference this evening so as to expedite the reading of this document and the receiving of any other representations that may be made by the provinces.

It may be that gentlemen present have made engagements for the evening which they would not wish to break, but if it is agreeable to all present the reading of the Dominion government's proposals could continue through the evening after eight o'clock. I would think that that might be a helpful course to pursue. We would sit until six o'clock and adjourn until eight o'clock, which is the adjournment we are accustomed to in this chamber.

Mr. DUPLESSIS: As far as I am concerned I am agreeable to sit morning, afternoon and night. I came here for that purpose, and I want to proceed. I have no doubt the minister can read very well, but I can read also. No one could think of studying this matter without reading this document; we have to read the document if we want to understand these matters, but there is no necessity of somebody reading the document to us even though he may read very well.

I think I can say without exaggeration that I am willing to work eighteen hours a day if necessary, but I do not think we should waste time. Whoever heard of someone reading a book which we can read ourselves, especially when we are obliged to read it? What will the country think about us when we do that at a time when we have momentous problems to consider?

Mr. MACKENZIE KING: May I just draw attention to the fact that a motion has been carried, and it is apparent that we are all desirous of expediting matters. I have made the suggestion that we sit this evening and I have heard no opposition to that. May I assume that it is the wish of all present that we do that?

While I am speaking on these matters perhaps I should refer to to-morrow morning and the welcome which we all hope to join in that is to be extended to General Crerar. There will be a ceremony on Parliament Hill in the morning, either at eleven or eleven-thirty o'clock, I am not sure of the hour at the moment. I would suggest that the Conference resume its sittings in the morning at ten o'clock. The other proceedings are to be in front of the building and it will be possible for members to proceed from this chamber to the front of the Parliament Buildings or to the train if they wish to be there at the time of arrival. There would then be an opportunity of getting through some of the proceedings during the morning. We could then meet again in the afternoon at three o'clock. Mr. St. Laurent perhaps you could come over here to read the proposals.

#### DOMINION OF CANADA PROPOSALS

Hon. L. S. ST. LAURENT (*Minister of Justice*): Here are the proposals of the government of Canada.

#### NATIONAL PROBLEMS AND OBJECTIVES

For six years the energies of the Canadian people have been absorbed in the struggle against our enemies. With the end of the war in Europe and the approach of victory in the Pacific, we have begun to turn our efforts to new tasks. Now, while continuing the fight against Japan, we must complete the preparations which are necessary for the attainment of the aims we wish to achieve in the years of peace.

The preparations must be undertaken against the background of severe depression and the enormous dislocations of war. Under the conditions which existed for nearly a decade prior to 1939 the Canadian economy did not provide adequate opportunities for employment and enterprise; the deficiencies in the provisions for social welfare became strikingly apparent; the structure of government finance in our federal system developed basic strains and weaknesses. The war came before solutions to these problems were reached.

The difficulties of the depression were quickly submerged in the great national effort against aggression abroad. The winning of the war became a single dominant purpose to which all lesser demands and objectives were subordinated. The obstacles to united effort were removed by the willingness and patriotic desire of all groups to accept sacrifices and restrictions in order to ensure victory. The federal government was responsible for the organization of the national effort and there were no limitations upon its power to do so. These circumstances and the co-operative spirit of the provincial governments made it possible to overcome, or temporarily to set aside, the factors which have impeded the development of solutions to difficulties of the past.

The accomplishment of our aims in the post-war period must, no less in war, be an object of national endeavour. Success in the attainment of high levels of employment, increased welfare and security, is dependent upon the fruitful co-operation between all governments and groups in the country. It is the responsibility of government to pursue policies that create conditions in which the initiative, energy and resourcefulness of individual citizens can achieve rising standards of life. In Canada, under the federal system, the governments of the Dominion and the provinces both contribute to the formulation of such policies. The functions of each are prescribed by the constitution but these must be adapted to practical considerations that arise out of changing needs and circumstances.

The establishment of the best possible basis of Dominion-provincial co-operation is an essential part of a satisfactory reconstruction programme. The determination of this improved basis must be worked out with reference to the principal economic and social problems that will confront the Canadian people in the post-war period. The problems arising out of dislocations of the war are the most immediate and challenging.

The demonstration of the potentialities of the Canadian economy has been one of the outstanding features of the past few years. In a relatively short time national production was doubled. Nearly one-half of this greatly expanded output was devoted to war. In spite of this large effort, the general level of civilian consumption was not reduced; for the lower income groups it was significantly increased. These achievements were accompanied inevitably by far-reaching changes in virtually every phase of activity—changes which are both a measure of the new possibilities and of the problems which will prevail in the post-war period.

At the peak, the number of persons gainfully occupied and in the service of the armed forces exceeded five million. This represented an increase of nearly 1,400,000 above the number at work in 1939. After making allowance for those who will wish to retire and for the withdrawal of many married women from the labour force to maintain a high level of employment we should have opportunities for about a million more jobs in peacetime production than existed before the war. This is the magnitude of the task involved in the achievement of a high level of employment in the post-war years.

Opportunities for useful work and markets for agriculture and other primary industries are dependent upon remunerative outlets for the goods and services that are produced. At the height of the war effort almost one-half of the Canadian people obtained their incomes from the expenditures of the federal government. As wartime government disbursements decline, opportunities and

remunerative outlets must be found in the expansion of expenditures directly made by all the individuals and enterprises of the country for civilian needs and civilian purposes. The increased expenditures that replace wartime outlays will have their source in the sales made into the export market, in a rising level of consumption, in private investment for the expansion of productive facilities, and in public investment for improving the productiveness of our natural resources and the construction of useful public works. The flow of expenditures in all these categories must be substantially larger and more stable than before the war if a high level of peace-time employment is to be achieved and maintained. The creation of conditions in which adequate and balanced increases may be assured is the central task of reconstruction policy.

Our wartime accomplishments have resulted in a notable expansion of Canadian productive facilities in manufacturing, in agriculture, and in the production of raw materials. The greater part of this expanded capacity has been employed in the production of supplies shipped abroad to help meet the military requirements and the urgent civilian needs of our allies. Some of this new capacity will find peacetime outlets in the home market. In many cases, however, the expansion has been on a scale that far exceeds the possibilities of domestic consumption. The events of the war have, therefore, significantly increased the traditional dependence of the economy on foreign markets. The permanent extension of these markets is a major aim of Dominion policy.

First of all, the government will continue to press actively for wide collaboration among countries for the reduction and removal of world trade barriers. Even if this purpose is accomplished it will not meet all the problems with which we shall be confronted. In the immediate future and for some time after final victory in the Pacific indispensable customers, particularly the United Kingdom and countries on the continent of Europe, will not be able to make full cash payment for goods they will wish to buy from us. In order to alleviate the sufferings of liberated peoples, to help in the rehabilitation of devastated economies, and to establish the flow of peacetime trade upon which we are dependent, Canada should be prepared in co-operation with other countries to grant further assistance and loans. Also, Canadian participation in the international monetary agreements are likely to involve extensions of credit. These are national responsibilities which the federal government must necessarily assume. By doing so we shall fulfill our international obligations and at the same time ensure adequate and continued opportunities for employment at home. It is essential that the federal treasury be in a position to carry these burdens.

We must look to a very considerable rise in the general level of consumption at home for the employment of manpower and resources released from war. The expansion in productive facilities, the increased skills of the population and the improvements in production methods have created a new range of possibilities. The full realization of these possibilities in advancing the standard of life of every group is the outstanding challenge to our economic system and government policy. While federal government expenditures remain high during the period of the Japanese war and demobilization, consumption may be expected to increase in the full amount to which goods and services can be made available. In fact, in this period some restrictions will continue to be necessary and the purchasing power of consumers will have to be safeguarded by continued controls against inflation. When scarcities have disappeared and the forces of inflation have subsided the real problem of maintaining an adequate level of expenditures on consumption will arise.

The achievement of a greater stability in the flow of consumption expenditures is dependent to a significant degree, on the policies that are adopted to protect the basic incomes of the groups whose position is most precarious.

The federal government has already taken substantial steps to this end. Unemployment insurance, family allowances, pensions and other assistance to war veterans, and the policy of farm floor prices are a substantial contribution to social security. These will give strong support to consumption expenditures, and consequently to employment, whenever the national income tends to fall. Important gaps, however, remain to be filled before we have achieved that measure of increased welfare and security which past experience and the possibilities of the future have shown to be desirable. How these additional provisions are to be accomplished, not merely in a few provinces, but in every province and for all Canadians, is the problem we must consider.

Expanded export markets and a rising and more stable level of consumption constitute the basic framework of conditions under which private enterprise may be relied upon to provide assured opportunities for employment. These circumstances will also create the basic incentives for the expansion of private industry. It is highly important that the incentives be allowed to be effective. In the past the falling off in private investment has always been a major factor in the causes of general unemployment and depressed markets. The attainment of high levels of employment and remunerative markets will largely depend, after the war, upon the realization of an adequate volume of new expenditures in industrial and commercial buildings, in equipment, in the development of better processes, and in the development of natural resources. The great deficiency in the supply of housing offers an immense field for new private investment. Large outlays are necessary for the improvement of equipment and facilities on farms. The sources of capital are ample. Where it is not readily available for desirable purposes, the federal parliament has enacted measures whereby credit may be obtained at favourable rates.

The creation of conditions under which the initiative and skill of private enterprise will result in new investment on a scale far exceeding pre-war levels is one of the principal problems of reconstruction policy. The tax policies of all governments can be a fundamental factor in the removal of undesirable and unnecessary obstacles. The elimination or reduction of taxes on costs, the removal of tax penalties upon enterprise, and the effect of taxes upon the taking of risks are basic considerations in determining a satisfactory system of Dominion-provincial financial relations.

The total amount of new investment undertaken in the economy includes the capital expenditures of governments as well as those of private industry. Government expenditures on the improvement of transportation, on the conservation and development of natural resources, and on the construction of necessary and useful public works, have played an important role in the rapid growth of the country. In the post-war period there will be ample scope for a far-sighted programme of public investment. Many desirable projects have had to be deferred during wartime. New developments and larger needs will require substantial outlays on transportation facilities. Activities which will protect and increase the productivity of the resources of the farm, forest, mines and fisheries have large constructive possibilities.

The purpose should not be to find a "cure-all" for unemployment in huge expenditures on public works. Rather, the problem is one of devising a sound and consistent programme of public improvements which will expand the productive wealth of the community and widen the opportunities for enterprise and employment. Also we must seek to manage the expenditures on such a programme so that they do not compete with private activity but will supplement it and contribute to the stabilization of employment whenever private employment declines. Past performance has fallen short of these objectives. Effective reconstruction policy must include a new and more logical approach. This will require a better understanding of the functions and a more workable division of activities in the sphere of public investment between the Dominion,

the provinces and municipalities. It will require also improved methods of Dominion-provincial co-operation and appropriate financial arrangements with respect to the broad fields and specific projects where there is both a national and provincial interest.

To achieve the large objectives we must set for export trade, domestic consumption, private and public investment will require a closely integrated effort. The general principles guiding this effort must be explicit and clear as they will form the framework within which the specific plans and arrangements must be worked out. To this end the Government briefly sets forth the basic principles underlying its proposals.

In familiar terms, our objectives are high and stable employment and income, and a greater sense of public responsibility for individual economic security and welfare. Realization of these objectives for all Canadians, as Canadians, is a cause in which we would hope for national enthusiasm and unity.

The Government has clear and definite views on how these objectives can be attained. These views may be summarized very briefly as,

- first*, to facilitate private enterprise to produce and provide employment;
- secondly*, to promote bold action by the state in those fields in which the public interest calls for public enterprise in national development;
- thirdly*, to provide, through public investment, productive employment for our human and physical resources when international and other conditions adversely affect employment; and
- fourthly*, to provide, on the basis of small regular payments against large and uncertain individual risks, for such hazards, and disabilities as unemployment, sickness and old age.

Because Canada is a federal state these responsibilities are shared by the federal and provincial governments. This division of responsibilities should not be permitted to prevent any government, or governments in co-operation, from taking effective action. To devise a working co-operative arrangement to a common end, in harmony with our federal system, is the main purpose of this Conference.

It is with these considerations in mind, and in search of common ground for agreement, that the Government presents its proposals. These proposals assume a broad federal responsibility, in co-operation with provincial governments, for establishing the general conditions and framework for high employment and income policies, and for support of national minimum standards of social services. They also assume that provincial governments should be in a financial position to discharge their responsibilities adequately.

To achieve a higher standard of living and a greater degree of security for Canadians the federal government wishes to encourage private investment and employment. If private capital is to provide new investment and employment it must be afforded a reasonable opportunity to obtain an adequate return. Taxation is of major importance in connection with this, and the Government believes that its taxation proposals are essential preliminaries to any major reforms in business taxation.

In addition to changes in business taxation policy which the Dominion should be put in a position to make, there are a number of positive steps which the Government plans to take with the object of assisting in the provision of employment. The most important of these are broad policies to stabilize markets and purchasing power through export credits, floor prices, domestic public investment, and extended social services. The Dominion programme under these heads will necessarily involve large expenditures.

In periods of declining business activity, arising perhaps from depressions abroad, it is proposed that these expenditures will be boldly expanded. Tax rates must be reduced at the same time, but whether this is done or not revenues will obviously fall off sharply and large deficits will result. The Government

is not only prepared to accept these but will deliberately plan for them in periods of threatened depression in order to give the economy a stimulus and relieve unemployment. As a corollary the Government will also plan for substantial budgets and debt retirement in periods of high business activity. This is simply saying that the Government will budget for a cycle rather than for any one fiscal year, and that the Government will design both its spending policies and its tax policies throughout the cycle to levelling out the deflationary valleys and inflationary peaks. The great growth in government revenues and expenditures made necessary by the war makes a responsible policy of this sort an obligation, and at the same time, with our increased knowledge of fiscal techniques, makes it a practical policy in the sense that it can have a really significant effect on the business cycle. The modern governmental budget must be the balance wheel of the economy; its very size to-day is such that if it were allowed to fluctuate up and down with the rest of the economy instead of deliberately counter to the business swings it would so exaggerate booms and depressions as to be disastrous.

Another factor of general importance which we must bear in mind in considering the future roles of governments in Canada is our new international position and its obligations. Canada has earned a position in the foremost ranks of world powers and we are assuming obligations on an unprecedented scale in common with the other United Nations to restore welfare and security to the world. This is a policy which commands the universal support of the Canadian people, since it is broadly realized that no country has more to gain from the achievement of international order and prosperity or more to lose from failure than Canada. It is an essential corollary of our proudly won role that the Canadian government will fill that role adequately and honourably and that Canada as a united nation will pull its full weight in the uphill struggle before us.

## II

### TRANSITION MEASURES

#### *Economic Controls*

The White Paper on Employment and Income sets forth the broad lines of government economic policy during the Japanese War. As the White Paper points out "During this period the Dominion Government, under its wartime powers, will have the central responsibility and authority for initiating and carrying out reconstruction policies, as well as for the continued prosecution of the war".

In the Reference Book on Economic Controls there appears a summary and discussion of some of the economic problems which it is reasonable to expect will exist throughout Canada during the Japanese War and the immediate post-war period. This Reference Book has been prepared as a factual background for the proposals by the Dominion Government for action in the transition period following the war. It covers such subjects as price and wage controls, subsidies, supply and distribution controls, rental controls, labour regulations, selective service controls, export and import regulations and rationing.

The large and complex system of economic controls established by the Dominion was intended to deal with the war emergency and to assist in the efficient prosecution of the war. The measures that have been adopted were made necessary by the extraordinary demands for labour and materials for war purposes and by the danger of disastrous inflation under wartime conditions. The nature of the great emergency made it necessary that the Governor in Council should from day to day exercise the powers conferred by Parliament.

The emergency arising out of the war will not end when actual hostilities cease, or even when a formal declaration of peace comes to be made. The extraordinary measures necessary during the war period cannot suddenly be revoked

without serious dislocation of the national economy. There must be a reasonable time allowed for orderly decontrol. Rehabilitation of men in the armed services, reconversion of war plants, relief of areas devastated by war and participation in emergency international commodity controls are all emergency requirements arising out of war and call for continuation of national controls for a temporary period. The requirements and duration of this emergency cannot be defined in advance; they must be continuously examined and dealt with in the light of conditions as they develop. Some of the existing enactments establishing necessary controls fall either in whole or in part—under normal conditions—within the authority of the provincial legislatures as relating to Property and Civil Rights in the Province, while others fall within the enumerated powers of Parliament under s. 91 of the British North America Act as being in relation to Defence, Regulation of Trade and Commerce, Navigation and Shipping, Railways, Criminal Law, Currency, Banking, etc. The Dominion Government entered the field of provincial jurisdiction reluctantly, but was forced by its responsibilities in the war emergency. It is the Dominion Government's intention to retire from this field as quickly as its responsibilities to avoid chaotic disturbances arising from the war permit.

#### *Dominion Government's Policies of Decontrol*

In the course of retiring from the field of provincial jurisdiction it is the declared policy of the Dominion Government to remove wartime controls as speedily as decontrol can be safely undertaken. For greater particularity, it is the policy of the Dominion Government—

- (a) to remove wartime price and wage controls as soon as the danger of a war-generated inflation is past;
- (b) to discontinue as soon as possible all wartime regulations of the Dominion Government affecting the jurisdiction of provincial governments over minimum wages, hours of work and holidays with pay;
- (c) to eliminate wartime subsidies related to the stabilization policy when inflationary pressures begin to ease;
- (d) to remove wartime controls over the production and distribution of commodities and services and special wartime export and import controls as soon as supplies of materials and labour for continuing wartime requirements and for civilian production are reasonably adequate to permit civilian supply to satisfy civilian demand at reasonable prices and as soon as world shortages no longer require Canada to undertake commodity controls;
- (e) to remove rationing of civilian goods whenever supplies of rationed commodities which are made available for civilian use are sufficiently great (even though they may not be sufficient to meet civilian demands fully) to permit the elimination of rationed distribution;
- (f) to remove rental and occupancy controls as soon as available housing is reasonably adequate to meet existing housing demands without a sudden inflationary rise in rents;
- (g) to remove wartime selective service restrictions progressively as the supply of labour more nearly meets the demand;
- (h) following consultation with the provinces, management and labour, to make appropriate amendments to the Wartime Labour Relations Regulations for their continued application for as long as deemed necessary in the emergency period and further to consult with the provinces, management and labour on appropriate measures to be provided for by Dominion and provincial legislation.

### *Constitutional Responsibility to Enact and Continue the Controls*

In an emergency such as war authority of Parliament in respect of the legislation relating to the peace, order and good government of Canada must, in view of the necessity arising from the emergency, displace the authority of the provinces in relation to a vast field in which the provinces would otherwise have exclusive jurisdiction.<sup>1</sup> Lord Haldane, delivering the opinion of the Privy Council in the leading case, pointed out that questions may arise by reason of national emergency which concern nothing short of the peace, order and good government of Canada as a whole. The overriding powers enumerated in s. 91 as well as the general words at the commencement of the section may then become applicable to new and special aspects which they cover of subjects assigned otherwise exclusively to the provinces.

The Privy Council also considered the period during which this emergency power of Parliament continues. Lord Haldane pointed out that when war has broken out it may be requisite to make special provision to ensure the maintenance of law and order in a country, even when it is in no immediate danger of invasion; that steps may have to be taken to ensure supplies and to avoid shortage, and the effect of the economic and other disturbance occasioned originally by war may thus continue for some time after it is terminated.

### *Action by Federal Government Necessary During Transition*

Owing to the likelihood of continuing acute shortages and in order to hasten the return to normal conditions, it will be necessary during the transition period to exercise certain economic controls on a national scale.

If the national economy is to be safeguarded during the transition period while shortages continue, a situation of uncertainty and confusion must clearly not be allowed to develop. In order to prevent this it is the Dominion Government's intention to take steps which, while safeguarding the important constitutional rights of provincial governments in this field in their entirety, will permit an orderly process of decontrol and transition from the emergency conditions of war and arising out of war to peace.

### *Veterans Re-establishment*

Uppermost in all our minds to-day is the re-establishment of our returned men and women in civilian life. That this re-establishment should be generous and prompt, is a subject on which there will be enthusiastic unanimity. The Dominion has already made provision to meet this responsibility more comprehensively than any other country in the world, but will welcome the co-operation of provincial governments in meeting the problem in which such a large sense of common obligation and common interest exists. A brief outline of the measures taken will be of interest. It is unnecessary to add that these measures will be expensive. The obvious implications of the necessary federal financial commitments for this purpose, as for other war and defence purposes, must be considered in determining the future of Dominion-provincial financial relations.

The Canadian rehabilitation programme provides the veteran with liberal cash grants during the immediate post-discharge period to assist in the transition to civilian life. It protects his right to his pre-enlistment job, and offers him the training and financial assistance necessary to re-establishment in employment, in business, in farming or in his trade or profession. And, it offers, as well, certain advantages in the nature of social security benefits for his civilian days. This section can only outline the main features of the rehabilitation programme.

<sup>1</sup> See *Reference as to Validity of the Chemicals Regulations*, 1943 S.C.R.L. per Duff C.J. at p. 10, summarizing the judgment of the Privy Council in the case of *Fort Frances Pulp and Paper Co., Ltd., v. Manitoba Free Press Co.*, 1923 A.C. 695.

### *Cash Grants*

Every honourably discharged veteran is paid a cash gratuity based on the length and theatre of service. The Basic War Service Gratuity amounts to \$7.50 for every completed 30-day period of qualifying service plus 25 cents for each of those days served overseas. In addition to this basic gratuity, veterans receive a Supplementary Gratuity of 7 days' pay and allowances, including dependents' allowances, for every six months' service overseas. Over and above the gratuities, veterans receive a Rehabilitation Grant of one month's pay of rank and a clothing allowance of \$100.

Thus a private who served one year in Canada and four years overseas would receive a Basic Gratuity of \$810, a Supplementary Gratuity of \$154, a Rehabilitation Grant of \$45 (plus dependents' allowance if any), and a clothing allowance of \$100—or a total of \$1,109.

Furthermore, if the discharged man does not wish to avail himself of the generous provisions that have been made for him to take vocational training or attend university, and if he does not take advantage of the opportunities available for settlement on the land, he may use a Re-establishment Credit of an amount equal to his Basic War Service Gratuity. This is an outright grant, not a loan. It may be applied for at any time within 10 years after discharge and can be used for any one or more of a number of purposes which will assist in his re-establishment—to assist in the purchase of a business, the building of a home or the purchase of furniture; for the improvement of his home; for the purchase of tools required in his trade or the instruments or equipment required in his profession; as capital for his business; or for government insurance.

### *Employment Aids*

Veterans who left a job in industry or commerce to enlist are assured of the right to have their old job back by the Reinstatement in Civil Employment Act. The Act requires employers of persons accepted for the Services to reinstate these employees after discharge under conditions no less favourable than they would have enjoyed had they remained in their employment instead of entering the Services. This means that veterans, both men and women, are to be put back into their old employment with full seniority rights, that the period of service in the Forces is to count in determining pension rights as an employee and in arriving at other benefits.

The National Employment Service of the Unemployment Insurance Commission will be available to assist all veterans who are seeking jobs. In each local employment office there is someone to register and generally look after the ex-service personnel on their first visit to the office.

Under the rehabilitation training programme, a veteran can be trained for a period of up to 12 months in any trade or occupation that will fit him to earn a living, or better living than he earned before. The allowances while training are \$60 a month for a single man, \$80 for a man and wife, with allowances for dependents.

If he wishes to go to university, he can be given as long in university as he was in the service—month for month. In addition to his living allowance, his fees are paid.

If he wishes to settle on the land, he is given by the government, an equity in his property equal to one-quarter of the cost of land and buildings plus an allowance for stock and equipment. In the case of a man who settles on a farm which cost \$6,000, including stock and equipment, his grant would be \$2,320.

If he wishes to take a small holding, similar benefits are available to him; but if he does either of these things, takes training at trade or university level,

or settles on a farm or small holding, he does not receive his full Re-establishment Credit. The Re-establishment Credit is meant to help those who do not wish to avail themselves of training or land settlement.

This training programme is free, with no strings attached provided the veteran needs it for his re-establishment. The farm settlement programme will be confined to those who have an agricultural background, and the small holdings to those who have a regular job or occupation in the vicinity. Small holdings are similarly available to commercial fishermen.

#### *Social Security*

All those who serve are protected against unemployment for a year after leaving the service. If they are fit for work but there is no work available, they are entitled to out-of-work benefits of \$50 a month for a single man, \$70 a month for a man and wife, with allowances for dependents.

After a veteran has completed 15 weeks in insurable employment, he will be given credit under the unemployment insurance scheme for all time spent in the forces after June 30, 1941.

For war-disabled veterans who do not come under the Unemployment Insurance Act, a special placement service has been provided.

If the veteran is discharged on account of sickness or wounds resulting from his service and is still in hospital, pay of rank with dependents' allowances is continued for one year so that the income going into the home is precisely what it was while he was still in the Service. This may be continued for two years if he is entitled to pension.

Any pensioner is entitled to medical treatment with allowances for his pensionable disability for life, irrespective of his financial circumstances.

Opportunity is given under the Veterans' Insurance Act to take out up to \$10,000 life insurance without medical examination, at reasonable premiums.

Those who go into private business, or who start in their profession, and those who go on farms, may receive maintenance grants, \$50 for a single man, \$70 for a man and wife, with allowances for dependents, while they are awaiting returns from their enterprise, in addition to any assistance they receive by means of the Re-establishment Credit.

In short, the Dominion Government's rehabilitation programme provides an umbrella coverage against sickness, against accident and against unemployment. It provides an opportunity to learn a trade or a profession so that the education of those who served will not be curtailed because of lack of funds. It provides assistance in acquiring a home in town or country, in furnishing a home. It provides assistance to those who want to become established in their own business or profession. It is an attempt to try to place the men and women of the Services in the position in life in which they might have expected to be had they remained at home instead of taking up the torch of freedom on our behalf.

#### *Emergency Housing*

One of the most pressing requirements of the returned men, and indeed for large numbers of our population, is adequate housing. The concentration of the whole economy during the past five years on the war effort, which has resulted in the deferment of new housing construction, added to the unsatisfactory situation in many respects which existed prior to the war, has produced a critical housing situation. While the Dominion Government attaches great importance to housing as part of a long-run programme of employment and public welfare, it considers it to-day a matter of urgent priority. Under the Canadian system of divided jurisdiction in which fundamental matters of property and civil rights lie within the control of provincial governments, the desired objectives can be fully attained only through co-ordinated action at all levels of government.

The main instrument of Dominion housing policy is the National Housing Act, 1944. It empowers the Government to participate on a comprehensive scale in all phases of a national housing programme. In putting forward proposals in the field of housing, the Dominion will therefore seek to carry out the broad purposes of the Act.

During wartime and under wartime powers the Government has found it necessary to take various types of emergency housing action. A Crown corporation—Wartime Housing Limited—is engaged in the direct provision of rental housing. Originally houses were built for rent to workers in war factories. More recently the activities of the corporation have been extended to meet the needs of ex-servicemen and ex-servicemen's families in congested urban centres for low rental accommodation. To make more effective use of existing shelter and to conserve scarce materials, large homes were leased by the Government and converted into multiple family dwellings. The Government has also offered to put various types of buildings at the disposal of the municipalities for use as temporary shelter. While not part of its housing programmes as such, houses are being erected on farms and small holdings on the outskirts of cities and towns for sale to veterans under the Veterans' Land Act.

These direct activities, which make an important contribution to the current supply of available accommodation, involve inter-governmental relationships and raise questions which it may be opportune to discuss at the Conference. Apart from housing provided under the Veterans' Land Act, however, these direct activities are essentially of an emergency character and it is not part of Government policy to continue them when the conditions which made them necessary no longer prevail. The objective is to put a well integrated and permanent housing programme into full operation with the least possible delay.

While this programme is encountering difficulties due mainly to the physical limitations imposed by the available supply of men and materials, substantial progress is being made. As competing war demands taper off and finally disappear and as the concerted efforts of the Government to divert men and materials to construction bear fruit, the rate of building will accelerate. It is important therefore that steps should be taken as soon as possible to clarify the relations between the various levels of government in the housing field and to establish the conditions within the provinces and within the municipalities that are so essential to the fullest implementation of a sound national housing programme.

To this end the Dominion is putting forward suggestions for consideration at the Conference relating to community planning, building by-laws, low rental housing projects, slum clearance and training programmes in the field of housing construction and community planning. There are, of course, many other phases of the national housing programme in which the Dominion is actively engaged but these matters appear to be of a character which does not seem to necessitate proposals by the Dominion to the provincial governments at the present time.

#### *Community Planning*

It is recommended that the provincial governments immediately review their present enactments and take the steps necessary to ensure that adequate community planning is carried out and put into effect through zoning regulations and other appropriate local ordinances. For its part the Dominion is prepared to co-operate under the terms of the National Housing Act in the establishment and development of a continuing programme of community planning by the provincial and municipal governments.

The general advantages of adequate community planning need not be elaborated at this time. It is sufficient to draw attention to the direct relationship between such planning, or the lack of it, and the cost of providing housing. To illustrate, reference may be made to the financing provisions of the National Housing Act.

In the case of houses built for owner occupancy and ordinary rental purposes, the Government participates with the approved lending institutions by supplying 25 per cent of the loan money at 3 per cent interest and gives the lending institution a partial guarantee against loss. This combination of government money and government guarantee enables lending institutions to advance a higher percentage of the value than they would otherwise be able to do, to charge lower rates of interest to the borrower and to lend for longer periods. The usual term of a loan is twenty years but this may be extended to thirty years for an individual house and to twenty-five years for a rental housing project which is built in a community that has been adequately planned and zoned. The effect of such an extension is to enable the home owner to carry a 25 per cent greater loan without increasing his monthly payments, and to lower the monthly payments for the owner of a rental project by approximately 8 per cent.

In the case of a low rental housing project, the Government is prepared to make direct mortgage loans up to 90 per cent of the value at 3 per cent interest with payments extending over the useful lifetime of the project, subject to a 50 year limitation. The effect of this type of financing provision in respect of housing of reasonable quality is to lower the interest and principal charges by about \$10.00 per month as compared with ordinary methods of finance. Before such loans are made the Minister of Finance has to be satisfied that the area in which the project is to be situated has been adequately planned and that zoning regulations are sufficient to assure the suitability of the area throughout the term of the loan.

To encourage life insurance companies and other financial institutions to take advantage of the powers given to them by the Act to invest up to 5 per cent of their assets in Canada in low and moderate rental housing projects, the Government is prepared to guarantee a net return on their investment of 2½ per cent per annum. When it is borne in mind that such organizations can invest money at a somewhat lower return than that which the ordinary landlord finds necessary, it is apparent that the direct operations of financial institutions in the field of rental housing will produce economic rentals comparable with those which will obtain under the other financing provisions for rental housing contained in the Act. Again there is a condition that "the project shall be constructed in accordance or in harmony with an official community plan satisfactory to the Minister (of Finance)."

The reason for the emphasis upon adequate community planning will be clear. Only if there is assurance of a continuing satisfactory environment is it possible to grant financing for high proportions of value at low interest rates over long periods of years. Under present circumstances of acute housing shortage it may be necessary to waive certain of these requirements with respect to low rental projects where provinces and municipalities have failed so far to take necessary action or to be satisfied with somewhat less than adequate community planning. The full advantages of lower cost and longer term financing cannot be made available to the public however, until conditions are established whereby the investor in housing, Government or private, can be assured against premature deterioration due to adverse environmental changes.

Community planning lies entirely within the sphere of provincial jurisdiction. Nevertheless the Dominion has a direct interest in promoting action and is prepared to co-operate and give assistance to that end, by putting into full effect the following provisions of the National Housing Act:

#### "Section 25.

For the purpose of carrying out his responsibility under this Part, the Minister may cause

- (e) information to be prepared and distributed and public lectures to be delivered to promote an understanding of the advisability of, and the principles underlying land, community and regional planning;
- (f) studies to be made of land utilization and community planning and arrangements to be made for the furnishing of information and advice with regard to the establishment of community planning agencies, and the planning of regional areas, communities and subdivisions, in co-operation with any local or other authority having jurisdiction over community planning and land subdivisions or otherwise with a view to promoting co-ordination between local community planning and the development of public services; and
- (g) generally such steps to be taken as he may deem necessary or advisable to promote construction of housing accommodation which in his opinion is sound and economical and to encourage the development of better housing and sound community planning."

In particular the Dominion is prepared to support in principle the establishment of a community planning institute for Canada, or some similar body, for the co-ordination of planning and action in this field on a continuing basis.

At six o'clock the Conference took recess.

#### EVENING SESSION

The Conference resumed at eight o'clock.

MR. ST. LAURENT: Just before dinner we were dealing with community planning and I will now proceed with the section having to do with training programmes:

#### *Training Programmes*

The Dominion Government is prepared to discuss with the provinces how it may best assist in educational programmes designed to provide trained personnel in the housing and community planning fields.

Part V of the National Housing Act authorizes the Minister of Finance with the approval of the Governor in Council to

- "(e) make provision, in such manner as he deems advisable, directly or in co-operation with any other department or agency of the Government of Canada, with the government of any province or with any university, educational institution or person, for promoting training in the construction or designing of houses, in land planning or community planning or in the management or operation of housing projects."

#### *Building Codes and By-Laws*

In order to remove unnecessary and undesirable impediments to housing construction while retaining the advantages of minimum building standards, it is recommended that the provincial governments, acting together and in

collaboration with the municipalities take effective action to bring about greater uniformity in building codes and by-laws within provinces and as between provinces, and consider the adoption of a standardized building code.

The government's policy of furthering the development of better housing and lower construction and financing costs depends to a very considerable extent upon the building codes and regulations which are applicable to housing which it finances. Because building standards in certain parts of the country are either inadequate or not properly enforced, it is necessary to provide minimum standards and specifications for government financing, in order to guarantee that such housing shall not only be of a desirable minimum quality but shall also be of a sufficiently permanent character so that protection is afforded to longer term finance.

If the provinces and the municipalities themselves were in the position where their minimum standards of construction and materials were of a comparable character to those imposed as a condition of government finance, not only would it be possible to facilitate the process of government finance immeasurably but there would also be room for reasonable regional variations in standards where such are desirable.

Another phase of the problem relates to building standards which are in force in different parts of the country and which are either too severe or are antiquated and out of date. The necessity of complying with standards such as these often leaves no room for the use of alternative building materials and building methods, which might be effectively used to bring about substantial reductions in costs without lowering the quality of housing.

Accordingly, it is desirable that the provincial governments should not only take action to provide minimum standards for building but should also consider the adoption of satisfactory standards at a somewhat higher level, beyond which no local building code would be allowed to go.

#### *Low Rental Housing Projects*

In order that the housing needs of low income families may be provided for to the maximum extent it is suggested that the provincial and municipal governments give consideration to the means by which they may best assist in carrying out the provisions of the National Housing Act relating to low rental housing projects.

Apart from the contribution which may be made by sound community planning and adequate construction standards to the successful financing of low rental housing projects under the National Housing Act, it may be useful to explore at the Conference certain other aspects of the legislation with which the provinces and municipalities are directly concerned, including rent reduction funds, land acquisition and local taxes.

As already indicated the effect of dominion participation in the financing of low rental housing projects is to produce a substantial reduction in economic rentals, thus bringing satisfactory housing within the reach of many who could not otherwise afford it. Payment of family allowances will go far to enable low income families to meet the cost of additional rooms for children. Nevertheless there will be some for whom even the reduced economic rentals are too high. To provide for such cases, a limited dividend housing corporation may accept contributions to a rent reduction fund from a provincial government, municipality, social agency, trust or person to be used only for the purpose of reducing the rentals that would otherwise have to be charged.

Land acquisition costs and local taxes are of major concern in the operation of a low rental housing project, and it is desirable that both be kept to a minimum. Each project is a separate undertaking but it would be useful to work out principles which might be of general application.

While it may not be desirable to undertake slum clearance projects during a period of acute housing shortage it is recommended that the provincial governments and municipalities proceed immediately to make plans and preparations so that such projects may be put in hand as soon as the serious shortage of materials and labour is overcome.

Under the National Housing Act, the Dominion government may pay half the net cost involved in a slum clearance project, net cost being defined as the amount by which the cost of acquisition and clearance of the land (including cost of condemnation proceedings) exceeds the price at which the land so acquired and cleared is sold to a limited dividend housing corporation or to a life insurance company for the erection of low or moderate cost rental housing development.

The Conference will provide an opportunity to discuss the conditions under which a Dominion grant may be made and to clarify the respective positions of the Dominion, provincial and municipal governments.

#### *INDUSTRIAL RECONVERSION AND DISPOSAL OF SURPLUS WAR ASSETS*

In addition to, and in some ways complementary to, veterans' re-establishment and housing, the most urgent transitional period problem is industrial reconversion and disposal of surplus war assets. Production for war requirements has necessitated an enormous expansion in Canada's industrial capacity. Manufacturing and production facilities generally had to be converted to war use, and in addition existing plants had to be extended and new plants constructed. This expansion involved commitments on the part of the Dominion government of some \$850 millions and included the purchase of some 100,000 machine tools by or through the Department of Munitions and Supply. As the major customer of Canadian war industry, the government has acquired title to large quantities of war goods which are now becoming surplus in increasing quantities, and which will amount at the end of the war to the largest inventory ever held by any single body in Canada.

With the termination of the European war and the approach of final victory over Japan, Canada faces the problem of turning its munitions capacity and war stores to peacetime uses. It is a problem which affects all parts of the country in varying degrees. Accordingly, the Dominion government has set up a Department of Reconstruction to formulate plans for industrial development and conversion. A number of provincial governments have likewise created departments of reconstruction and planning. Having regard to their mutual interest, the co-operation of all governments in Canada is essential for an orderly conversion of industry to peacetime production.

#### *Industrial Reconversion*

The industrial reconversion policy of the Dominion Department of Reconstruction is to assist industry to revert to civilian production with as little dislocation as possible. Industry itself must take the initiative in the development of post-war plans, and the role of the department will be that of providing all possible assistance to facilitate reconversion. Since the problems will vary in different provinces, the co-operation of provincial authorities will be of value in meeting them.

While in the first instance the matters which concern the Director General of Industrial Reconversion relate directly to details of conversion of war plants, there are long-term problems which will also be his concern, and which will require contributory action. For example,

"Industries which fluctuate in activity during the course of a calendar year might be encouraged to seek a more even rate of activity if it appeared that this would offer less disturbance to both the labour and

supply market; or industries which can only function on a seasonal basis might be encouraged to contribute to economic stability and efficiency by establishing as constant and secure conditions of employment as possible."

Reconversion on the part of industry involves the quick settlement of war contracts and the clearing of plants. Machinery has been set up for the final renegotiation of war contracts and termination of war orders. Arrangements have also been developed whereby civilian production may be resumed by clearing from plants the government-owned equipment or materials which are not required for such production. These steps were required to meet the first problems of reconversion.

#### *Depreciation Allowances*

A Depreciation Committee has been set up in the Department of Reconstruction to advise the Minister on the granting of certificates for special depreciation allowances on new capital expenditures on plant and equipment, as provided in the Dominion Budget of 1944, to assist the financial position of industry in the reconversion period. The policy is to certify applications as rapidly as adequate supplies of labour and materials become available for projects in the various localities, with a view to stimulating industrial conversion and expansion. The rates of depreciation to be granted are within the jurisdiction of the Minister of National Revenue.

#### *Disposal of Surplus War Assets*

Power to deal with surplus war assets is exercised by the Minister of Reconstruction through the Crown Assets Allocation Committee, the Director General of War Surplus, and War Assets Corporation.

The Crown Assets Allocation Committee, consisting of senior officers of the Dominion Government and representatives of labour, agriculture and the householders of Canada, recommends surplus disposal policy, and the general rule is to give priority to the requirements of a federal department or agency, a provincial government department, and a municipal body or public organization, in the order stated. In this way surpluses of equipment and other goods required by departments or agencies of provincial governments will be allocated to them on the basis of their high priority.

War Assets Corporation is the sole disposal agency for Crown-owned surplus. The assets may be disposed of in whole or in part, and some may be reserved or set aside. For example, a "multiple tenancy" scheme has been developed under which the government intends to utilize part of its property to make accommodation available for commercial enterprises, particularly in congested areas. The operating policy of War Assets Corporation has been outlined as follows:

1. To-day, when goods are scarce, to sell all saleable surpluses at existing market prices, but within ceilings set by the Wartime Prices and Trade Board.
2. Later, when the war ends, and surpluses become so great that they might constitute a danger to the transfer of industry from war to peacetime production and to the rapid employment of labour, to control the flow of such surpluses so that they will create the least possible disturbance to the normal economy of the nation.
3. At all times, to make every effort to control the price to the public, and to reach the public by the shortest possible route.
4. To keep out of unfair competition with established business.
5. To seek expert advice from industry on price levels and marketing methods, but not to act on such advice at the expense of public interest.
6. To distribute sales uniformly across Canada.

7. To sell abroad, in harmony with the other governments who are faced with the same problem, everything that becomes available abroad and that can be sold there.

8. To keep out the speculator.

9. To recover for the taxpayers of the nation and the original investors in these goods, the largest cash return upon their investments possible without interfering with the eight points previously mentioned.

The Director General of War Surplus is authorized to enter into negotiations with industry to dispose of Crown-owned plants and production equipment, and in such negotiations consideration is given to the following points:

Will the proposed use of the property and equipment

(i) increase the possibility of employment?

(ii) provide for the manufacture in Canada, of a new product, previously imported?

(iii) substantially improve working conditions, as compared to existing operations?

(iv) provide facilities which will permit of more economic operations, as compared to existing operations?

(v) provide desirable manufacturing facilities to meet anticipated increases in the domestic or export markets?

(vi) provide a desirable redistribution of industry and employment?

In the disposal of government-owned plant, machine-tools, equipment, and other materials, the policy is to give special attention to the needs of small industries and to the desirability of establishing industries in smaller towns and cities and in areas in which there was little industrialization before the war. Since these are matters of vital concern to particular regions and localities, the co-operation of provincial governments in giving effect to these policies is highly desirable.

The Department of Reconstruction has established Regional Reconstruction Councils in each province, representative of the different economic interests therein. The cooperation of the provincial governments in the task of reconstruction can be effected through the establishment of close relationship with these Councils, as well as through the regular contacts between the Dominion and provincial governments. The Councils also afford machinery for cooperation with municipalities and other bodies.

With your permission I will ask Mr. Gardiner to deal with the section on Agriculture.

#### AGRICULTURE

Hon. J. G. GARDINER (Minister of Agriculture): Mr. Chairman, and members of the Conference, the Proposals of the Government of Canada in relation to Agriculture are as follows:

No industry has made a greater contribution to the Canadian war effort than agriculture. This achievement has left problems of conversion to peacetime conditions comparable to those of manufacturing industry. Many branches of agriculture were greatly expanded in response to war needs and overall production increased to levels far exceeding those of the past. This accomplishment drew heavily upon agricultural resources, resulting in heavy depreciation of machinery and equipment and great strain on the depleted farm population. The Dominion Government feels it has a responsibility to assist the industry in making the necessary readjustments to peacetime circumstances and to work in cooperation with the provincial governments to provide for a greater degree of stability in farm income and a greater measure of security than has prevailed in the past.